

OFFICE OF THE COMPTROLLER
CITY OF ST. LOUIS



DARLENE GREEN
Comptroller

Internal Audit Section

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St. Louis, Missouri 63101
(314) 622-4723
Fax: (314) 613-3004

December 27, 2006

Gregory Hayes, Commissioner
Forestry of Division
Department of Parks, Recreation and Forestry
1415 N. 13th Street
St. Louis, MO 63106-4424

RE: Payroll Distribution of Forestry Division for the Payroll Period Ending October 14, 2006
(Project # 2007-20)

Dear Mr. Hayes:

The Internal Audit Section of the Comptroller's Office has conducted a payroll distribution of Forestry Division (#214) for the pay period ending October 14, 2006. The objectives of this review were to determine that:

- Eligible City Employees received wages.
- Wages are adequately safeguarded.
- Employees are only paid for actual hours worked.
- Accrual and use of paid leave is accurate.

Our fieldwork was completed on November 9, 2006. Management responses to the observations and recommendations noted in the report were received on December 20, 2006 and have been attached to the report.

We have made the following observations and recommendations:

1. Opportunity to Improve Control over Unclaimed Wages

Proper safeguard over unclaimed payroll checks will ensure that they are kept in safe custody and are well protected against loss, intentional or unintentional.

We observed that the Forestry Division keeps unclaimed employees' payroll checks in an unlocked filing cabinet, in the Payroll Specialist's Office.

Recommendation:

We recommend the Payroll Specialist ensure that unclaimed employees' pay checks be kept in a locked cabinet.

2. Opportunity to Maintain Proper Daily Attendance Sheet for All Employees

Personnel Department Administrative Regulation No. 134 Section II (4) requires all departments to keep daily attendance records of classified employees. Section II (5) also requires departments to maintain attendance and pay records for a minimum of three years and until the Comptroller's audit for the period covered is completed. It also requires that at minimum, the daily attendance records for overtime-eligible employees must include among others:

1. The employee's name.
2. The beginning and ending times for each period of work.
3. The beginning and ending times of meal period.
4. The number of hours worked each workday.
5. The total hours worked in the work week.

Not all the Forestry Division employees' attendance sheets contained all the required information. In some of the attendance sheets reviewed, the beginning and ending times for each period of work and the beginning and ending time of lunch period were not included.

In addition, attendance records were not maintained for one of the field supervisors while (attendance card) punch card for daily attendance of one of the field employee could not be provided upon request. The Payroll Specialist claimed the field supervisor destroyed the employee attendance card.

Failure to keep proper daily attendance records and daily attendance cards are considered non-compliance with the Administrative Regulation No.134. It also may result in Employees being paid for hours not worked.

Recommendation:

We recommend that the Division comply with the requirements by requesting every classified employee to keep daily attendance record and also keep the employee attendance card for at least the minimum years stated in the regulation.

The attendance records should include the following:

1. The employee's name.
2. The beginning and ending times for each period of work.
3. The beginning and ending times of meal period.
4. The number of hours worked each workday.
5. The total hours worked in the work week

In addition the employee attendance sheet should be signed and approved by the respective supervisors and or designated officer as required on the form.

3. Opportunity to Improve Control over Overtime Approvals and Payments

City Ordinance #66272 section 15 (h) requires all departments to keep records of daily attendance of classified employees and overtime earned, and paid. Proper documentation of overtime hours earned by employees and approved by management will ensure adequate control over overtime payments to employees.

Forestry Division does not maintain evidence of overtime hours employees earned. We noted, an employee of the Division was paid nine (9) hours of overtime during the pay period reviewed which was not reflected on the employee's attendance sheet. The employee was paid \$146.48 as overtime.

Failure to document management approval of overtime hours earned by employees may result in paying for overtime hours not earned.

Recommendation:

We recommend that the Division:

1. Adopt the Compensation and Overtime form in use in some other departments. The appointing authority should approve compensation and overtime hours earned or used by an employee. (*A copy of the form can be provided by Internal Audit upon request*).
2. Verify that the overtime hours paid to an employee are earned and reflected in the daily attendance sheet for the period.
3. Recover \$146.48 paid to an employee for overtime not earned.

4. Opportunity to Improve Control over Employees use of Vacation and Compensatory Time and Compliance with City Ordinance on Maximum Compensation Balance Allowed.

City Ordinance #66272 Section 15 (e) stated that all employees are allowed a maximum balance of one hundred twenty (120) hours of compensatory time.

Proper controls over employees' use of vacation leave and compensatory time will ensure that negative balances do not occur.

Two employees of the division had negative vacation leave balances of 31 and 1 hours respectively. In addition, two other employees had negative compensatory time balances of 8 and 1.5 hours.

During further review of the compensatory time balances, we noted, that three employees maintained compensatory time balances in excess of the 120 hours allowed by the ordinance.

4. Continued...

Failure to maintain proper controls over vacation leave and compensatory time may result in employees taking vacation and compensatory time they did not earn. Additionally, the division may not be in compliance with the ordinance on the maximum compensatory time balance allowed.

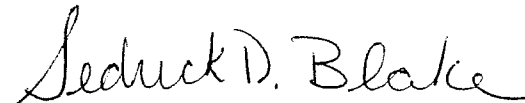
Recommendation:

We recommend that supervisors review employees' vacation leave and compensatory time balances before approving the request for vacation leave and compensatory time. Employees with compensatory time balances in excess of the 120 hours are not allowed to earn additional compensatory time as long as they maintain a balance of 120 hours.

This review was made under authorization contained in Section 2, Article XV of the Charter, City of St. Louis, as revised, and has been conducted in accordance with the International Standards for the Professional Practice of Internal Auditing.

If you have any questions, please contact me at (314) 589-6132.

Respectfully,

A handwritten signature in cursive script that reads "Sedrick D. Blake".

Sedrick D. Blake, CPA
Audit/Fiscal Executive

Attachments

cc: Kathryn Lawson, Payroll Manager



FRANCIS G. SLAY
MAYOR

GARY D. BESS
DIRECTOR

City of St. Louis

DEPARTMENT OF PARKS, RECREATION & FORESTRY FORESTRY DIVISION

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ST. LOUIS, MISSOURI 63106
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FAX: (314) 613-7225



GREG HAYES
FORESTRY COMMISSIONER

MEMORANDUM

TO: Sedrick Blake
Internal Audit Executive

FROM: Greg Hayes *GH*
Forestry Commissioner

RE: Payroll Audit Responses

DATE: December 20, 2006

This memorandum is in reference to the recent Payroll Distribution of the Forestry Division (Project # 2007-7).

I have attached responses to your recommendations. Your review of this process was certainly helpful and the insight was appreciated.

Thank you for your attention to this matter and feel free to contact me at 613-7205 with any questions.

Attachment

cc: Gary Bess, Director

1. Opportunity to Improve Control over Unclaimed Wages

Agency Recommendation #1:

We recommend the Payroll Specialist ensure that unclaimed employees' pay checks be kept in a locked cabinet.

RESPONSE TO RECOMMENDATION #1

To ensure that all payroll checks are properly safeguarded and protected against possible loss, a secure file will be established in the Payroll Specialist's Office. It will be the responsibility of this staff member to ensure its security at all times under the direction of the Commissioner of Forestry.

2. Opportunity to Maintain Proper Daily Attendance Sheet for All Employees

Agency Recommendation #2:

We recommend that the Division comply with the requirements by requesting every classified employee to keep daily attendance records and also keep the employee attendance card for at least the minimum three years as stated in the regulation.

The attendance records should include the following:

1. The employee's name.
2. The beginning and ending times for each period of work.
3. The beginning and ending times of meal period.
4. The number of hours worked each work day.
5. The total hours worked in the work week.

In addition the employee attendance sheet should be signed and approved by the respective supervisors and or designated officer as required on the form.

RESPONSE TO RECOMMENDATION #2

Per the provisions of Administrative Regulation # 134, all attendance sheets maintained by field staff supervisory personnel will be checked for accuracy by each section head and then subsequently by the Payroll Specialist. Any incomplete forms will be returned to immediately and the Commissioner will be notified to ensure proper documentation is maintained and forwarded at all times. These system checks will take place prior to information being entered into the automated payroll system. In addition, all hard copy attendance sheets and related payroll documents will be kept on file within the Forestry Division with all applicable and specific work times and signatures listed.

3. Opportunity to Improve Control over Overtime Approvals and Payments

Agency Recommendation #3:

We recommend that the Division:

1. Adopt the Compensation and Overtime form in use in some other departments. The appointing authority should approve compensation and overtime hours earned or used by an employee. *(A copy of the form can be provided by Internal Audit upon request)*
2. Verify that the overtime hours paid to an employee are earned and reflected in the daily attendance sheet for the period.
3. Recover \$146.48 paid to an employee for overtime not earned.

RESPONSE TO RECOMMENDATION #3

The Forestry Division is now requesting a copy of the Compensation and Overtime form from the Internal Audit Section to be used in the future. The form will be used to document overtime requests that the employee must complete prior to working any overtime for pay or compensatory time. All supervisors must sign the form and only the Appointing Authority will authorize said work to be performed. Any emergency work can be authorized and documented prior to being entered into the automated system. This would likely eliminate unnecessary changes on the attendance report that is turned in for payroll. Our Payroll Specialist will contact Internal Audit Section before receipt of this correspondence. Any issue not rectified previously, will be handled immediately.

4. Opportunity to Improve Control over Employees use of Vacation and Compensatory Time and Compliance with City Ordinance on Maximum Compensation Balance Allowed.

Agency Recommendation #4:

We recommend that supervisors review employees' vacation leave and compensatory time balances before approving the request for vacation leave and compensatory time. Employees with compensatory time balances in excess of the 120 hours are not allowed to earn additional compensatory time as long as they maintain a balance of 120 hours.

RESPONSE TO RECOMMENDATION #4

Leave balance adjustments are currently made when the Payroll Specialist's records do not match with the printout she received. Leave balance records are also reviewed to ensure employees have the time is available. One of the two employees in question from the audit did have a negative balance because of a clerical error. This issue was resolved immediately after the payroll audit. The compensatory time balances were high because

of the extra day that was given to our department as a bonus for the storm work. Many of our employees have maximum compensatory leave balances. They were not able to take that time off because of the storm cleanup. Field supervisors will be responsible for reviewing their employees' time prior to granting the time off. At the beginning of each year, every supervisor is given a daily record card for each employee that mirrors the Payroll Specialist's documentation. Accuracy will be monitored quarterly in the future to reconcile any possible discrepancies.

COMPTROLLER'S OFFICE
COMPENSATORY & OVERTIME REPORT FORM

NAME _____

☐ OVERTIME: _____ HRS. ON _____ ☐ HOLD AS C.T.
☐ PAY AS OVERTIME

REASON: _____

☐ C.T. TAKEN: _____ HRS.

FROM: _____ A.M. _____ P.M. TO: _____ A.M. _____ P.M.

DATE _____ SIGNED _____

EMPLOYEE'S SIGNATURE

SUPERVISOR _____ APPROVING AUTHORITY _____